

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01

IO-10 L-03 H-02 PA-01 PRS-01 NEA-10 (ISO) W

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TO SECSTATE WASHDC PRIORITY 4722

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USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 9/23/75

TAGS: EAID, EFIN, KS

SUBJECT: PROPOSED ADB TECHNICAL ASSISTANCE FOR NAKDONG RIVER
BASIN DEVELOPMENT PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES TO ACT AS EXECUTING
AGENCY FOR TECHNICAL ASSISTANCE (TA) PROJECT OF UNITED
NATIONS DEVELOPMENT PROGRAM (UNDP) FOR PREPARATION OF
NAKDONG RIVER BASIN DEVELOPMENT PROJECT FOR POSSIBLE
SUBSEQUENT BANK FINANCING. PROPOSED PROJECT WOULD
INCLUDE FLOOD CONTROL MEASURES, DRAINAGE WORK, IRRIGATION
FACILITIES AND LAND CONSOLIDATION. PROJECT AIMS AT
REDUCING POTENTIAL FLOOD DAMAGE, PROMOTING AGRICULTURAL
PRODUCTIVITY AND PROVIDING EMPLOYMENT OPPORTUNITIES.
USADB RECOMMENDS FAVORABLE NAC ACTION.

1. ADB DOC. R55-75 PROPOSED TA POUCHED ADDRESSEES
JUNE 17. BOARD CONSIDERATION SCHEDULED JULY 1, 1975.
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2. ADB MANAGEMENT PROPOSING TO ACT AS EXECUTING AGENCY FOR TA PROJECT ON BEHALF OF UNDP FOR PREPARATION OF NAKDONG RIVER BASIN DEVELOPMENT PROJECT. TA PROCEEDS WILL FINANCE FOREX COST OF CONSULTING SERVICES FOR FEASIBILITY STUDY OF PROJECT. UNDP WILL PROVIDE \$300,000 FOREX COST OF TA, WHILE GOVERNMENT WILL COVER ESTIMATED \$104,167 EQUIVALENT IN LOCAL CURRENCY COSTS FOR COUNTERPART PERSONNEL, FACILITIES, ETC. UNDP WILL PAY BANK 14 PERCENT OF FOREX COST OF TA TO ENABLE BANK TO MEET OVERHEAD EXPENSES UNDER TA.

3. NAKDONG IS KOREA'S SECOND LARGEST RIVER BASIN; OCCUPIES ONE-FOURTH OF COUNTRY; IS MAINLY CONCERNED WITH AGRICULTURAL PURSUITS; AND SUFFERS ONE-THIRD OF NATION'S AGRICULTURAL PRUSUITS; AND SUFFERS ONE-THIRD OF NATION'S AGRICULTURAL FLOOD DAMAGE. ANNUAL FLOOD DAMAGE OVER LAST TEN YEARS HAS AVERAGED ABOUT \$5.65 MILLION EQUIVALENT. BASIN HAS ABOUT 17.3 PERCENT OF COUNTRY'S POPULATION, 23 PERCENT OF TOTAL CULTIVATED AREA, AND IS CONSIDERED QUITE PROMISING FOR RAPID DEVELOPMENT IN COMING DECADE.

4. PRE-ENGINEERING STUDIES ON DEVELOPMENT OF BASIN HAVE BEEN CORRIED OUT SINCE 1966 BY GOVERNMENT AND UNDP/FAO. SIX DAMS WERE IDENTIFIED BY GOVERNMENT AS FEASIBLE, OF WHICH ONE (NAMGANG) ALREADY COMPLETED, ANOTHER (ANDONG) BEING FINANCED BY ADB, AND A THIRD (HAPCHEON) IS UNDERCONSIDERATION BY IBRD. ADB AND IBRD ARE ALSO CONSIDERING RURAL AND AGRICULTURAL DEVELOPMENT PROJECTS IN AREA. HOWEVER, AS ONLY 18 PERCENT OF FLOODS ALONG MAIN RIVER SYSTEM AND RELATED MAIN TRIBUTARIES CAN BE CONTROLLED BY EXISTING AND PROPOSED DAM STRUCTURES, ADDITIONAL RIVER IMPROVEMENT WORKS ARE CONSIDERED NECESSARY.

5. PROPOSED FEASIBILITY STUDY WOULD INCLUDE FOLLOWING COMPONENTS: (A) CONSTRUCTION OF 816 KM. OF LEVEES AND FLOOD FLOW TRAINING WORKS TO PROTECT 46,685 HA. OF FARM LAND WITH 37,650 HOUSEHOLDS FROM FLOODING; (B) DRAINAGE WORK COVERING 7,030 HA. INCLUDING PUMPING STATIONS AND SLUICE GATES IN CONNECTION WITH PROPOSED LIMITED OFFICIAL USE

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LEVEES; (C) IRRIGATION FACILITIES FOR 7,986 HA; AND (D) LAND CONSOLIDATION WORK ON 22,619 HA.

6. INTERNATIONAL CONSULTING FIRM WOULD BE RECRUITED TO CARRY OUT FEASIBILITY STUDY SUFFICIENTLY DETAILED TO FORMULATE VIABLE PROJECT(S) FOR POSSIBLE BANK FINANCING WHICH WOULD COMPRISE: (A) REVIEW AND UPDATING ALL PREVIOUS DATA ON PROJECT AND MAKE RECOMMENDATIONS

ON PROJECT IMPLEMENTATION; (B) RECOMMENDATIONS FOR APPROPRIATE PROGRAM OF DIKES AND ASSOCIATED WORKS; (C) PREPARATION OF GENERAL LAYOUTS AND PRELIMINARY DESIGNS FOR ALL MAJOR ENGINEERING WORKS; (D) FORMULATION OF INTEGRATED AGRICULTURAL DEVELOPMENT PROGRAM AND IDENTIFICATION OF MAIN CONSTRAINTS; (E) ESTIMATION OF INVESTMENT COSTS; (F) EXAMINATION AND RECOMMENDATIONS RE PROJECT PHASING WITH ECONOMIC, FINANCING AND TECHNICAL JUSTIFICATION; (G) FORMULATION OF PROPOSALS FOR PROJECT IMPLEMENTATION AND OPERATION; AND (H) DETAILED ECONOMIC ANALYSIS OF PROJECT. PROPOSED TA EXPECTED TO REQUIRE ABOUT 38 MAN-MONTHS OF CONSULTING SERVICES IN PLANNING AND DESIGN FOR FLOOD CONTROL AND IRRIGATION AND IN AGRONOMY AND AGRICULTURAL ECONOMICS. STUDY IS EXPECTED TO TAKE NINE MONTHS STARTING OCTOBER 1, 1975. MINISTRY OF CONSTRUCTION WILL BE GOVERNMENT'S COOPERATING AGENCY FOR TA IMPLEMENTATION.

7. DIRECT BENEFITS OF PROPOSED PROJECT WOULD BE (A) REDUCTION OF POTENTIAL FLOOD DAMAGE; (B) PROMOTION OF AGRICULTURAL PRODUCTIVITY THROUGH INCREASED PRODUCTION OF PADDY, ABLEY AND SOME UPLAND CROPS; AND (C) PROVIDING EMPLOYMENT OPPORTUNITIES DURING CONSTRUCTION PERIOD. INDIRECTLY, PROJECT WOULD ALSO ASSIST DEVELOPMENT OF PROSPEROUS RURAL COMMUNITIES AND PROVIDE DEVELOPMENT BASIS FOR COMMERCIAL AND INDUSTRIAL ACTIVITIES WITHIN NAKDONG RIVER BASIN AREA.

8. GOVERNMENT HAS GIVEN HIGH PRIORITY TO IMPLEMENTATION OF INTEGRATED RIVER IMPROVEMENT PROGRAM AND ASSOCIATED WORKS IN NAKDONG RIVER BASIN IN ORDER TO PREVENT FLOOD DAMAGE THAT IS HAMPERING REGION'S ECONOMIC GROWTH. PROPOSED PROJECT WILL ASSIST GOVERNMENT IN ITS EFFORTS LIMITED OFFICIAL USE

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TO ACHIEVE SELF-SUFFICIENCY IN FOOD AND TO RAISE STANDARD OF LIVING IN RURAL COMMUNITIES. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

9. REQUEST SEOUL'S COMMENTS FOR NAC AGENCIES, INFO USADB MANILA, PURSUANT TO STATE 119795 DATED 3 JULY 1972. PURNELL

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